A CAHNERS PUBLICATION JULY 1991

graphic arts monthly®

THE MAGAZINE OF THE PRINTING INDUSTRY

Binderies Adapt to Short Runs, Fast Makeready, New Markets

Print 91 Preview — *Financial/Legal Printing*

Salary Survey '91: The Bigger Pay More

VOLUME 63, NUMBER 7

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THE MAGAZINE OF THE PRINTING INDUSTRY

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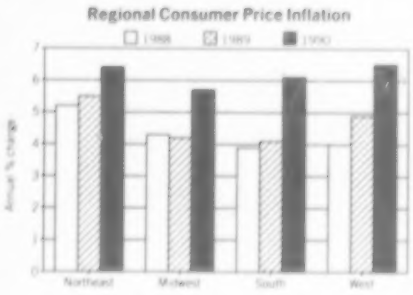
As Inflation Slows, The Fed Eases Interest Rates



With the Federal Reserve Board's cut of the discount rate to 5.5% on April 30th, we have, in all probability, seen the end of interest-rate declines for this cycle. The Fed had been reluctant to cut rates further out of concern that a reduction not matched by our major trading partners would weaken the dollar and increase inflationary pressures on our economy.

Credit conditions already appear to be improving as a result of previous actions. Money supply figures began turning up in February, indicating a greater demand for credit as well as the willingness of financial institutions to extend it. Also, weakening international economies are slowing foreign borrowing, further reducing the pressure on rates. Barring more signals of economic decline, the Fed may have made its last move to ease interest rates.

One of the factors behind the recent easing of interest rates by the Federal Reserve has been the slowdown of inflation during this recession. The producer price index (PPI) for crude materials was just 0.3% above 1990's level in the first quarter, and the forecast calls for a 5.1% drop for the entire year. Similarly, the PPI for intermediate materials and components will increase just 1.4% this year, the smallest jump since the manufacturing slowdown of 1986.

PPI Finally Up After Decline

Further downstream, the PPI for finished goods increased a slight 0.2% from March to April 1991, following four months of declines. Food and energy prices, typically the most volatile sectors, actually helped to reverse the rapid inflation trend. Excluding food and energy prices, producer price inflation is headed for a 3.2% gain this year. Overall, producer prices will post only a 2.6% gain by year-end.

Consumer price increases have also slowed. In each of the past three months, the consumer price index posted a modest 0.1% rise. Compared to last year, the index rose 5.2% in the first four months of 1991. While food and energy prices have moderated, medical care costs are rising relentlessly. The outlook for consumer price inflation calls for gains of 4.4% this year, and 4.2% in 1992 and 1993.

Regional inflation patterns show some variation. While inflation rates in the Northeast lead the nation, the Western region is catching up fast. Over the past four years, consumer prices increased at an average pace of 5.3% in the Northeast, 4.5% in the West, 4.3% in the Midwest, and 4% in the South. But in 1990, price inflation in the West edged slightly above the Northeast.

So far in 1991, the Northeast leads the way again, as fuel prices are 9.3% higher than a year ago. The fastest-growing housing prices are also found in the Northeast. Meanwhile, the West claims the highest inflation of food and medical care prices.

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The New Face of Financial Printing

After the Crash: Are the strong getting stronger, and are the weak disappearing?

Consolidation, liquidation, and automation are the recent forces which have dramatically transformed both the financial printing and check printing industries. Familiar players have vanished, others have risen into leadership positions, and electronic technology has revolutionized virtually all production processes.

Among financial printers, the embracing of electronics has meant survival itself, as a way to control historically-high costs, and yet provide such new value-added customer services as database management, links to desktop systems, faster turnaround, global access, and automated addressing and mailing.

The financial printing industry has had many casualties since the October 1987 stock market crash, including such major national firms as Pandick, Chas. P. Young, and Sorg in the past 18 months.

"There has clearly been a great deal of overcapacity in the financial printing industry," observes Thomas J. Vos, vice president of marketing at Bowne & Co. Inc., New York City, the world's largest financial printer. "The industry has gone through a classic shakeout and restructuring; now the strong will get stronger and the weak will disappear."

By Lisa Cross
Associate Editor

Industry experts agree that heavy debt loads incurred prior to the stock market crash were among the big factors contributing to those organizations' demise. Costs associated with a leveraged buyout prohibited some companies from investing in the necessary technology needed to survive, while others invested in equipment that did not work.

"Technological advancement is rapidly leading to a world of instantaneous communications," explains Richard H. Koontz, Bowne's president. "The driving force is the need for speed, along with improved productivity."

In this specialized market segment, information management and customer service are more important than the actual printing. Technology now allows financial printers to better serve their clients by reversing the traditional sequence; instead of capturing information and printing it locally for wide distribution from there, financial printers can now electronically distribute the information, then print it nearer to recipients.

"As the cost of print distribution goes up and the cost of data transmission comes down, we're getting to the point where we are transmitting and then producing," explains Jonathan Ward, president of R.R. Donnelley's Financial Printing Services, New York City, another industry giant.

Electronic typesetting systems are the heart of any financial printing operation. The industry's leaders are those printers who have consolidated typesetting into a few operations, and electronically linked all offices to these facilities.

"This is a high fixed-cost business, in which you can't afford to build a staff level at each location for peak demand," Ward explains. "Instead, you use your local capabilities to transmit information to fully-staffed hubs that can manage peak demand in a

Peter Neumann

real-time basis. Our system facilitates the most efficient placement of work to best meet our clients' needs."

John Castro, president, Merrill Corporation, St. Paul, Minn., agrees that the hub-and-spoke system was devised to give affordable service to clients. "You can't give the best service at a fair price today if you have either excess equipment or people," he says. "Five years ago, clients would pay for excess capital equipment and people, just to be in standby mode for that one busy night. That situation no longer exists."

After the industry shakeout, remaining players certainly saw demand increase, but industry insiders report dramatic deterioration of pricing.

Observes Castro, "In late 1990 prices actually went *below* cost as some companies took their last gasp of air. Thankfully, I don't see that much anymore."

"Still, the industry needs to see a return to rational pricing," reports Ward. "Irrational pricing—where people are pricing their services on a cash flow basis and not on a return on investment perspective—has became apparent in the industry."

He adds, "If there is an interest in maintaining a healthy financial printing industry, the marketplace needs to understand we're entitled to make a reasonable profit."

Another blow recently dealt to the industry: the slack financial markets created by the war in the Persian Gulf. For some the situation was worse than the 1987 crash; but since the war's end in February, business has picked up substantially.

The key to staying in business in the financial printing industry has been the ability to adapt to the changing needs of the customer. For example, the increased use of desktop publishing systems created the need to interface typesetting and desktop technologies.

"We are very close to being

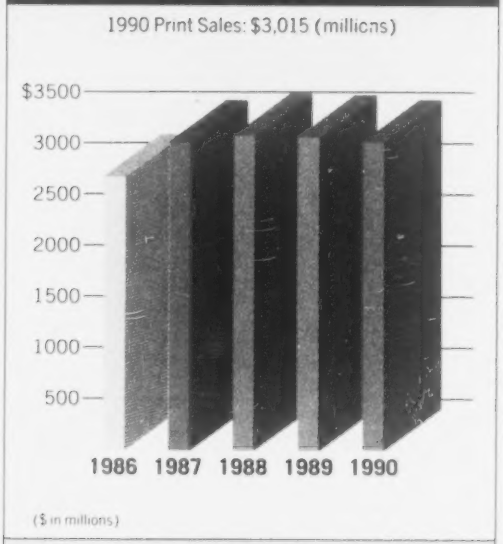
Typical Products

SEC Filings
Registration Statements
Prospectuses, Proxy Materials
Bank Forms
Stock Certificates
Loan Coupon Books
Bank Account Passbooks
Legal Briefs and Documents

Typical Users

Banks
Corporations
Financial Institutions
Legal Services Company

Financial/Legal



Financial/Legal Printers

Rank	Company	Sales in millions*
1	Deluxe Corporation	$958.0
2	John H. Harland Co.	285.0
3	Clark American (MB America)	247.5
4	Bowne & Co. Inc.	144.6
5	U.S. Banknote Corp.	113.0
6	Rexham Security Products	100.0
7	Safeguard Business Systems	90.0
8	R.R. Donnelley & Sons	85.0
9	Rocky M'nt'n Bank Note Co.	65.0
10	Merrill Corporation	60.0

*Note: Preliminary Ranking

Source: PrintMarkets

Chart by Annabelle Carter

PostScript compatible with our composition system," Ward explains. "We can now take any PostScript file into our system and output it."

Mailing and distribution is another area where innovation will play an important role. Drawing from technology used in one of its other printing markets, Donnelley has the capability to combine various pieces of its customers' information—traditionally sent in several mailings—into a single mailing. The information is polybagged, then inkjet-addressed to the end user.

"In today's environment, it's not unusual for someone investing in mutual funds to invest in more than one from the same company, and receive three different envelopes each quarter," Ward notes. "Through Selectronic gathering, we have the ability to co-mail these and, in turn, drastically reduce distribution costs, and offer better and faster distribution."

However, he adds, "I would say that the financial print marketplace still is not very sophisticated in its ability to demographically define its customer base for target mailings."

The financial printing industry has also entered the global marketplace. In some cases on just 24-hour notice some arrangement can be made to accommodate clients anywhere in the world. The construction of global transmission networks has already begun.

Value-added services for the global market have also surfaced. Bowne offers translation services for financial, legal, and corporate entities participating in the international marketplace. To date, the service has translated financial printing documents, contracts, and other materials into more than 20 languages.

Those remaining financial printers appear to be doing everything they can to oblige customer demands, but their fate ultimately is bound to their primary client base, the financial markets.

Like the financial printing market, the check printing industry has also experienced a decrease in the number of players. "Ten years ago there may have been a few dozen check printers; now, four national check printers remain, accounting for 90% of the business," says Bruce Danielson, communications director at John H. Harland, Atlanta.

Although the check printers' primary customers, banks, have decreased in number because of consolidation, the scope of some of the nation's financial institutions has increased tremendously. Once-regional banks are expanding to serve multiple markets (in some cases, the entire nation).

To remain competitive, check printers have had to invest in plant upgrades and computer technology. Until 10 years ago, most checks were printed by letterpress; now almost all are printed offset. The shift has made the process less labor-intensive, and increased productivity.

John H. Harland Company, for example, has invested millions to upgrade or build facilities, train employees, and create computerized networks to connect customers to their facilities. As a result, the company experienced its best productivity gains in four years.

At Deluxe Corporation, St. Paul, Minn., new proprietary technology allows for printing checks in a single press pass. Company representatives report the capability has decreased manufacturing hours, while check printing volume increased.

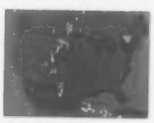
To expedite operations, Clarke American, of San Antonio, installed a data communications network that connects production facilities, sales locations, and administration. A centralized database is accessible to customers, which includes information on order entry, manufacturing, inquiries, and billing.

Banks can place orders with Clarke directly from computer terminals in their offices. Orders are processed literally seconds after they are received.

While it's obvious the financial and check printing landscapes have changed, due to economic and market fluctuations, one fact remains clear: those who are left have made the commitments to new technology and customer service that will ensure their survival, regardless of economic or market whims.

graphic arts monthly

New York Toughs It Out



There are a couple of hundred newspapers published in New York—in English, Spanish, Chinese, Korean, Hungarian, Russian, Greek, Arabic, Yiddish, Italian, Gaelic, Vietnamese, and a number of other languages. Virtually every one of these newspapers, plus another hefty contingent of magazines, has at least one article in each issue about the state of things in New York City.

Despite this, or maybe because of it, it is virtually impossible to find out in any clear-cut way what's going on there. Even defining it is a problem; greater New York City includes parts of three states, but unfortunately no one agrees on just which parts.

Our focus is on the printing industry, of course, and the picture is not terribly bright at the moment. Some New York printers are doing well, but overall sales volume, profitability, and capacity utilization are substantially down.

If the 1980s were a party, this is the hangover, and New York gets a double dose. On the one hand, it was the most inflated local economy in the country. On the other hand, a major factor in the economy was the financial industry, i.e., Wall Street, where only a few years ago there were 23-year-old MBAs wearing gold Rolexes and starting at upwards of $60,000 a year.

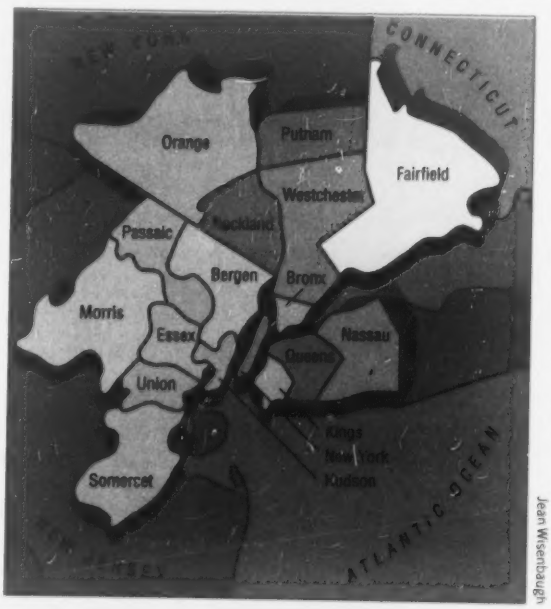
In the last couple of years, New York real estate prices have dropped more than 20%, an estimated 35,000 jobs have vanished from Wall Street, and the entire local economy has suffered. Pawn shops are full of slightly-used Rolexes.

Printing, the quintessential service industry, has taken a body blow. [See previous story for a detailed look at what's happened to financial printers.] Furthermore, the New York printing industry was already in a state of retrenchment during the 1980s, its one-time preeminence under pressure from real estate and labor prices, shipping difficulties, and competition from other areas. Many printers moved—first out of Manhattan, then out of the city altogether. By the end of the decade, to take one example, the last New York web offset house was gone.

None of which means that this is the end for printing in New York, or anything like it. Eventually the economy will bottom out, and sooner or later it will recover. With that, the printing industry will recover, too.

The industry in the city will continue to change in nature, becoming more local in focus as national competition spreads. Still, depending on how you count them, there are somewhere between 10 and 15 million people in greater New York; that's quite a local economy. For now, New York printers are hanging on, studying the wind, and learning to adapt.

Reprints may be ordered from Carol Bien, Cahners Publishing, Reprint Department, 1350 E. Touhy Ave., Des Plaines, IL 60018.



Jean Wisenbaugh

By Peter Johnston
Special Projects Manager

Regional Overview

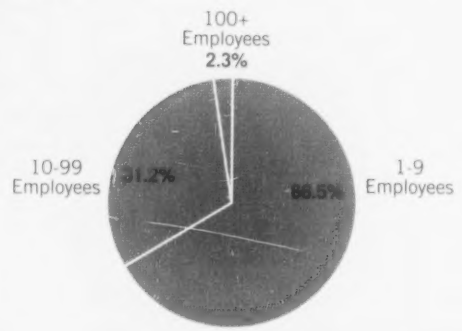
Unlike many other areas, population density and number of printing sites are not related in New York. Manhattan, which has almost the same population as the Bronx, has 36 times as many printing sites. A look at the educational attainment figures shows the enormous socioeconomic variance to be found in the New York City area. Except for Manhattan (a land area of 26 square miles and a law unto itself), there seems to be some rough correlation between these indices and printing activity.

POPULATION AND PRINTING SALES

County (Borough)	Printing Sites	Population
STATE OF NEW YORK		
New York (Manhattan)	1,107	1,478,000
Queens	151	1,923,200
Kings (Brooklyn)	141	2,293,200
Bronx	30	1,193,600
Richmond (Staten Island)	16	374,600
TOTAL, NEW YORK CITY	**1,445**	**7,262,700**
Nassau	233	1,323,000
Suffolk	203	1,312,000
Westchester	119	863,200
Orange	23	281,700
Rockland	20	265,900
Putnam	5	81,600
TOTAL, OUTLYING NY COUNTIES	**603**	**4,127,400**
STATE OF NEW JERSEY		
Bergen	248	836,900
Essex	133	841,900
Union	109	504,000
Passaic	86	460,900
Morris	74	419,000
Hudson	65	553,100
Somerset	22	215,700
TOTAL, NEW JERSEY COUNTIES	**737**	**3,830,800**
STATE OF CONNECTICUT		
Fairfield	151	821,000
TOTAL, GREATER NYC	**2,936**	**16,041,900**

Source: U.S. Department of Commerce, Bureau of the Census

Plants by Employee Count



Source: GAM 1990 Plant Equipment Market Profile

Charts and graphs by Lisa Hilgers

Educational Attainment

County (Borough), State	High School Graduates	College Graduates
U.S. Average	66.5%	16.2%
Morris, NJ	80.2%	28.6%
New York (Manhattan), NY	77.7%	23.9%
Westchester, NY	75.2%	28.0%
Bergen, NJ	73.7%	23.8%
Fairfield, CT	73.0%	25.9%
Hudson, NJ	51.5%	11.2%
Bronx, NY	50.8%	9.1%

Source: U.S. Department of Commerce, Bureau of the Census

Concentration of Business by Type

While these numbers use a slightly different definition of the metropolitan area, they show the enormous concentration of the New York printing industry. For reference, and to give printers from other areas an appreciation of some of the logistical problems created by this concentration, it is useful to remember that Printer's Row refers to an area of southwestern Manhattan long a stronghold of printing companies; more specifically, the area encompassed by these statistics is covered by Map A in a report prepared for the New York City Office of Economic Development, by Coopers & Lybrand, and Harrie F. Lewis Associates. Map A covers an area bounded by 34th St., Third Ave., Chambers St., and the Hudson River.

Press

Manhattan:	
Printer's Row	16%
Other Manhattan	19%
Bronx	2%
Brooklyn	11%
Queens	10%
Staten Island	1%
New Jersey Counties	40%

Prepress

Manhattan:	
Printer's Row	24%
Other Manhattan	35%
Other NYC Boroughs	9%
New Jersey Counties	33%

Postpress

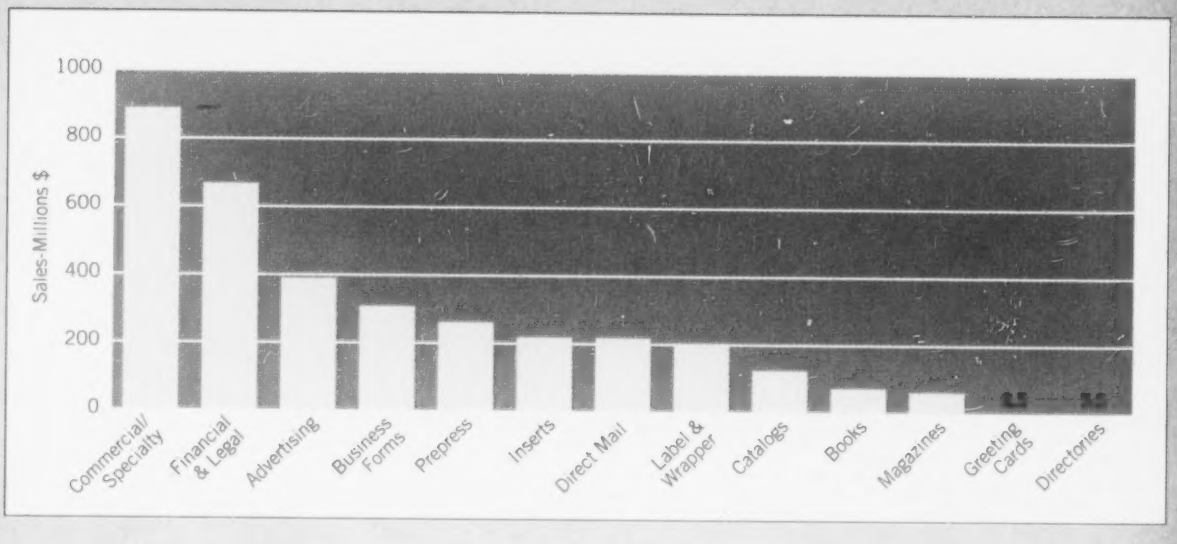
Manhattan:	
Printer's Row	26%
Other Manhattan	18%
Bronx	2%
Brooklyn	14%
Queens	8%
Staten Island	1%
New Jersey Counties	32%

Source: Printing Trades Blue Book

Market Profile

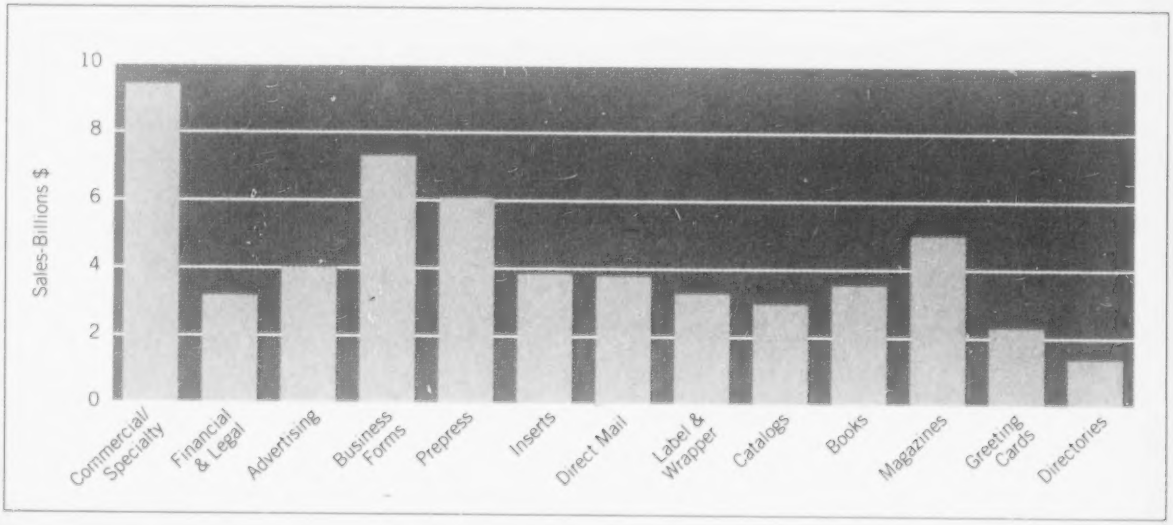
Ranking of Product Segments . . .

New York's position as headquarters of the financial industry (battered, but still large) and advertising account for the dominance of these two segments. Conspicuous by their unimportance—as compared with other printing centers in the U.S.—are segments primarily involving long-run web work, such as magazines, catalogs, and directories. Book printing (unlike book publishing) is also a fairly minor part of the New York scene. Data pending revision.



. . . Compared to National Totals

Both in New York and in the U.S. as a whole, commercial/specialty printing is the leading segment. Our comment about book, magazine, and directory printing in New York applies to business forms as well, which play a much larger role in national printing totals than in the city's rather specialized printing milieu. These figures, it should be noted, are based on a 1988 survey of major printers. The revised research, due out shortly, will paint a slightly different picture of the New York printing industry. Data pending revision.



Leading Printers in the Region

NEW YORK STATE

Adams Group, NYC
Alfred Mainzer, Long Island City
American Bank Note Holographics (U.S. Bank Note), Elmsford
American Bank Note (U.S. Bank Note), NYC
Americom Graphics, Elmsford
Ampco Printing, Bronx
Applied Graphics, NYC
Aztech/G.P. Young (Devon), NYC
Bowne & Co., NYC
Bregg Data Forms, Hauppauge
Brett-Forer Greetings, NYC
Bridge Litho, NYC
Cherry Lane Litho, Plainview
Corporate Printing, NYC
DVC Industries, Bay Shore
Deven Lithographers, Brooklyn
Direct Communications, Purchase
Direct Press/Modern, Huntington Sta.
R.R. Donnelley/NY Financial, NYC
Enterprise Press, NYC
Esselte Pendaflex, Garden City
Georgian Press, NYC
H.W. Wilson, Bronx
Herst Litho, NYC
International Paper, Purchase
Ivy Hill Corp., NYC
Julius Blumberg, NYC
Kwik Int'l. Color, NYC
L.K. Litho, Middle Island
Lasky Co., NYC
Latham Process, NYC
Lenz & Riecker, NYC
MGI Ind. (MGI/Colorforms), NYC
Maggio Data, Hauppauge
Master Eagle (Enteron), NYC
Metro Seliger Ind., Woodside
OCR Data Systems, Elmsford
Pace Press (Metro Litho), NYC
Packard Press, NYC
Paxar Corp., Pearl River
Penn Corp. (Western Pub.), NYC
Phipps Press (Potomac), Freeport
Potomac Graphic Ind., NYC
Pub. Book Bindery, Long Island City
Quality House, Long Island City
Queens Group, Long Island City
Regency Thermographers (Williamhouse-Regency), NYC
Rothchild Printing, Elmhurst
Septum Printing, Oceanside
Shorewood Pkg., NYC
Tabard/Copley Graphics, NYC
Tanagraphics, NYC
Tartaro Slavin (Wace), NYC
Transkirt, Brewster
U.S. Banknote, NYC
Uniflex, Hicksville
Volt Information, NYC
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Web Press, Brooklyn
Western Pub., NYC

NEW JERSEY

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Alford Inc., Ridgefield Pk.
All-States Bus. Prod., Randolph
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Bertek, Fort Lee
Book-Mart Press, No. Bergen
Carci Alfi Forms, Brentwood
Carson Ind., Andover
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Jersey Printing, Bayonne
L.P. Thebault, Parsippany
Lasky, Millburn
MacNaughton Elson, Fair Lawn
May Tag & Label, Hillside
Meehan Tooker, E. Rutherford
Metro Litho, Moonachie
Pace DeTorres (Metro), Moonachie
Panorama Press, Clifton
Pavey Env. & Tag, Jersey City
Permanent Label, Clifton
Pictorial Offset, Carlstadt
Plymouth Printing, Cranford
Sandy-Alexander/Mickelberry, Clifton
Scott Printing, Jersey City
Service Press, Metuchen
Somerset Pub. (Quebecor), Somerset
Sterling Regal (Wace), Carlstadt
Union Camp, Wayne
Webcraft Tech., No. Brunswick
Wood Press, Paterson

CONNECTICUT

Danbury Bus. Forms, Danbury
Danbury Printing & Litho, Danbury
Devon Group, Stamford
MB America, Westport
Modern Printing/Quebecor, Brookfield
Pitney Bowes, Stamford
Recording & Statistical, Norwalk

For current sales revenue, market segment, and ranking data, see 1991 edition of *Printmarkets*, Trade & Technology Press, Stamford, Conn. Preliminary information.

How Printers Are Doing

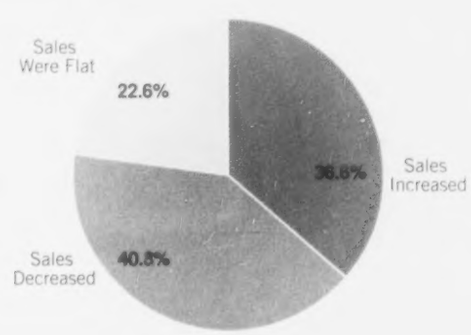
Based on a survey of firms in the region, conducted by Cahners Publishing

Profile of Respondents

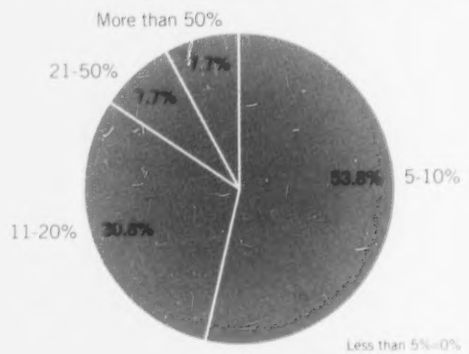
Commercial printers in the greater New York metropolitan area responding to a recent mail survey reported year-over-year changes in their annual sales, profitability, and operating capacity. They also revealed how they perceived the outlook for business in their area. The following is as reported by survey respondents; 1990 gross sales were estimated.

Gross Sales in 1990		# of Employees	
Less than $500,000	4.0%	1-4	5.3%
$500,000-749,999	21.3%	5-9	22.7%
$750,000-999,999	17.3%	10-19	29.3%
$1 million-2,499,999	30.7%	20-49	29.3%
$2,500,000-4,999,999	10.7%	50-99	13.4%
$5,000,000-9,999,999	13.3%	100+	0%
$10 million or more	2.7%		

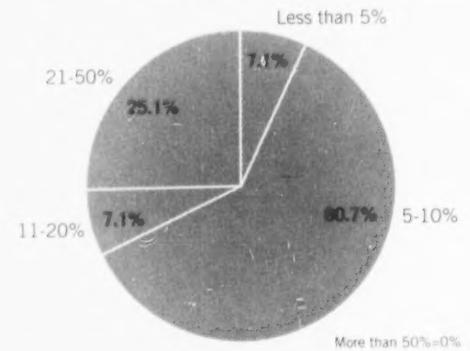
How Sales Changed, 1989 to 1990



If Sales Increased, How Large Was Increase?

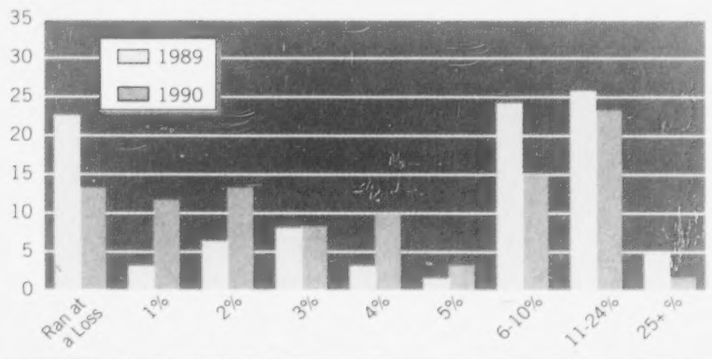


If Sales Decreased, How Large Was Decrease?

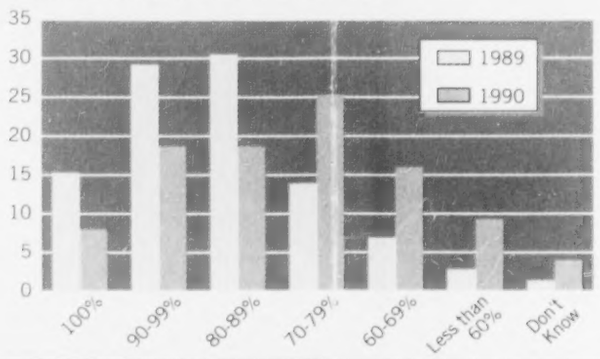


PROFITABILITY & CAPACITY

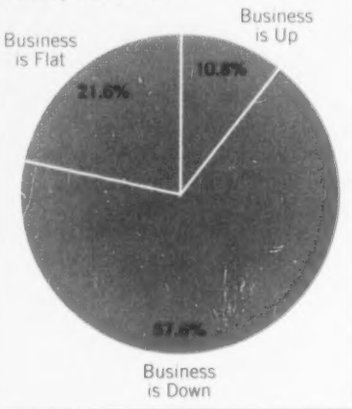
Profit as a percentage of gross sales



Operating percentage of plant capacity



Perception Index



Comments by Printers

- Smaller sheetfed work is growing; high quality, quicker turnaround.
- Many shops are going out of business or laying off people.
- Business is declining, but saturation of printers is also declining, which will spur sales.
- Large printing-only shops closing up; multi-purpose shops with all capability are doing better.
- Business in general is declining, but the good shops are maintaining.
- Even our best corporate accounts have cut back.

Who Makes What

The GRAPHIC ARTS MONTHLY 1991 salary survey shows that salaries in the commercial printing industry saw modest increases; the greatest jumps appeared in the larger companies.

Of the 23 job titles surveyed this year, three decreased from 1990 levels, 14 increased (eight were double-digit increases), and six job titles stayed relatively the same (±2%). In the 1990 survey, every slot showed an increase; all but two showed a double-digit increase. What a difference a year makes.

For GAM's third annual salary survey, the results are presented in the detachable, double-gatefold form appearing opposite this page.

Interestingly, the data supports the long-held theory that the larger the company, the larger the paycheck. Also, the number of employees in your company has a greater bearing on your salary than does the geographic region in which it is located.

Companies with less than 10 employees paid an average of more than three times less for an employee in the same position in the largest companies (200 or more employees). The greatest gap occurs in the Management Staff job category, where Chairman of the Board, President/CEO, and three vice presidential positions in companies with 200 or more employees earn an average of more than double their counterparts in companies with fewer than 10 employees. In the category of Chairman, the increase is more than four-fold.

Less startling are the contrasts in salary due to region. Without question the region that ranks first—tops in 11 of the 23 jobs for the highest salaries—is the Middle Atlantic (MA) area (New Jersey, New York, Pennsylvania). The sector with the lowest salaries, on average—claiming 10 of the 23 slots—is Mountain (M), (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming).

Contrasting the results over the past three years, an intriguing trend emerges. In the first two years, New England (NE) and MA alternated the first and second places for highest salaries paid; however, while MA was at the top in 1991, a close second was the West South Central (WSC), holding the top position in seven out of the 23 jobs. Just two years ago, according to the survey, WSC reported paying the lowest salaries on average. This, coupled with the fact that in 1991 WSC pushed NE out of the number two position for paying the highest salaries, indicates a great change in both of these areas.

For the first time, GAM questioned survey participants about their company employee benefits. Like salaries, benefits are related to company size; for specifics, see the gatefold.

The survey questionnaire was sent to a random sample of GAM readers, plus the 101 largest printers as determined by the GAM 101 survey (see August issue), for a total of 2,101. There were 528 responses, or a 25% response rate. One job title, Counter/Order Clerk, was removed from the survey, leaving a total of 23 job categories.

Note that the figures given here are for base salary only, without any extras, and that this year's pool of respondents is not necessarily the same as last year's pool. Thus, the column adjacent to the national averages indicates the percentage change for the same position as reported in the study last year, not as reported by the study respondents this year.

Additional copies of the GAM 1991 Salary Survey can be purchased, $5 each, or $3 each for 10 or more, from Carol Bien, GAM Reprints, 1350 East Touhy Ave., Des Plaines, Ill. 60018. Be sure to send payment with order and make checks payable to Cahners Publishing Company.

By Bridget Kinsella Arajs
Assistant Editor

graphic
arts
monthly

1991 Salary Survey

Compensation levels didn't rise over last year's. What's clear is the pay gap between large and small firms.

What an employee gets paid depends more on the size of his/her company than its geographic location. This consensus is drawn from GRAPHIC ARTS MONTHLY's third annual commercial printer's salary survey.

Comparing companies with fewer than 10 employees to those with 200 or more, the salary gap is more than three times in favor of the larger printer. That is, on average the employee of the smaller company earns about one-third the salary of his/her big-company counterpart.

This year's salaries do not match the huge increases in the 1990 survey, when every job category saw a rise, all but two double-digit increases.

Figures given are for base salary only, without extras; this year's respondents are not necessarily the same as last year's. The percentage change in national salary averages indicates the percentage change in salary for the same job as reported last year, not as reported by the study respondents this year.

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Illustrations by Santiago Cohen

1991 SALARY SURVEY

	1991 National Average	% Change from 1990*	AVERAGE SALARIES						AVERAGE SALARIES BY REGION (SEE KEY)								
			By Region (See Key)		By Employee Count		By Revenue		New England	Middle Atlantic	South Atlantic	East South Central	East North Central	West North Central	West South Central	Mountain	Pacific
			Lowest	Highest	Less than 10	200 or more	Less than $500,000	$20 million or more									
UPPER MANAGEMENT STAFF																	
Chairman of the Board	$145,100	+5.7%	$82,000 (ESC)	$229,200 (MA)	$35,200	$196,100	$35,200	$199,900	$157,000	$229,200	$144,200	$82,000	$108,500	$100,800	$200,000	$195,000	$145,800
President/Owner/CEO	69,100	−0.9	46,000 (ESC)	80,800 (MA)	41,200	148,600	38,600	170,500	65,000	80,800	72,400	46,000	65,500	67,900	67,700	49,900	72,000
General Manager	57,500	+11.0	30,600 (M)	78,500 (MA)	31,800	97,900	29,900	109,100	51,700	78,500	52,400	45,300	55,000	52,000	65,900	30,600	54,500
VP—Sales & Marketing	76,800	+0.5	53,000 (ESC)	112,100 (NE)	29,100	109,900	32,100	114,600	112,100	81,600	60,400	53,000	67,400	68,300	105,900	53,800	104,000
VP—Finance	72,100	+17.2	39,700 (M)	110,200 (WSC)	23,700	88,000	34,500	97,100	59,100	88,800	65,400	—	64,400	65,600	110,200	39,700	69,300
VP—Manufacturing	75,400	+27.6	58,000 (ESC)	96,100 (WSC)	29,100	88,400	70,800	91,800	67,600	60,900	63,500	58,000	70,800	70,000	96,100	75,000	68,000
OFFICE/FINANCIAL																	
Controller	42,800	+3.1	30,200 (M)	48,800 (WSC)	22,000	55,100	26,900	56,100	43,200	47,300	38,900	37,100	44,700	37,200	48,800	30,200	43,500
Estimator/Planner	36,200	+13.1	29,700 (WNC)	46,600 (NE)	23,600	39,200	22,200	42,300	46,600	40,900	31,300	31,000	34,100	29,700	45,800	32,900	35,800
Office Manager	25,400	+9.5	20,900 (WNC)	32,700 (MA)	20,200	37,600	19,800	41,700	23,300	32,700	22,100	21,000	22,600	20,900	28,000	23,600	27,800
Human Resources Manager	44,000	+11.1	31,300 (WNC)	68,400 (WSC)	—	47,400	48,400	49,900	36,200	43,100	46,600	—	44,200	31,300	68,400	63,000	38,800
Purchasing Agent/Buyer	37,900	+16.6	25,700 (M)	60,200 (WSC)	27,200	42,600	32,400	46,400	31,200	45,900	30,800	26,500	39,900	31,900	60,200	25,700	31,600
PRODUCTION MANAGEMENT																	
Plant Manager/Superintendent	43,600	+1.9	25,500 (ESC)	54,100 (WSC)	25,200	66,200	20,400	66,700	44,100	48,200	39,300	25,500	43,300	39,600	54,100	34,000	47,400
Production Manager	33,900	−1.2	24,600 (SA)	42,900 (MA)	24,200	53,400	23,700	56,900	36,000	42,900	24,600	32,000	32,000	32,600	38,900	25,600	33,500
Quality Control Supervisor	38,000	+10.8	26,800 (M)	46,700 (WSC)	—	41,000	42,200	41,800	—	38,200	35,100	27,500	41,200	42,400	46,700	26,800	38,100
Production Scheduler	32,800	+15.1	23,300 (SA)	37,000 (ENC)	18,300	37,000	25,900	36,900	36,700	35,900	23,300	35,000	37,000	27,500	31,000	32,700	32,800
DEPARTMENT FOREMAN																	
Composition Foreman	27,900	+3.7	23,000 (M)	38,500 (NE)	20,400	38,200	21,200	35,400	38,500	29,600	25,500	24,300	29,100	28,300	26,400	23,000	28,700
Prep Department Foreman	35,500	+1.1	28,700 (ESC)	42,800 (MA)	22,600	47,200	21,900	45,600	37,900	42,800	30,600	28,700	34,200	36,700	29,100	32,300	37,300
Press Department Foreman	35,000	+2.3	28,500 (M)	42,700 (MA)	23,100	54,000	23,500	52,000	36,500	42,700	28,700	28,600	36,200	38,100	28,600	28,500	37,400
Bindery Department Foreman	30,500	−7.9	22,200 (M)	36,000 (MA)	16,900	48,200	19,300	47,000	35,500	36,000	26,900	22,600	30,400	31,600	25,800	22,200	34,300
Maintenance Foreman	40,700	+22.2	37,000 (WNC)	45,500 (M)	15,000	44,800	32,800	43,500	37,600	43,000	43,900	—	39,000	37,000	39,200	45,500	37,500
SALES/MARKETING																	
Sales Manager	51,400	−6.2	32,000 (ESC)	63,400 (MA)	30,800	81,100	32,400	80,100	57,200	63,400	44,400	32,000	47,800	40,600	61,300	48,000	48,000
Sales Representative	38,000	−2.8	20,800 (M)	52,800 (MA)	21,900	69,400	22,500	70,600	44,200	52,800	33,200	26,500	37,600	33,900	32,000	20,800	33,500
Customer Service Manager	30,300	0.0	19,000 (M)	38,700 (MA)	20,700	44,300	21,000	41,700	30,800	38,700	22,500	20,000	32,800	28,000	31,800	19,000	31,400

*Indicates comparison to 1990 study results, not actual salary increases.

METHODOLOGY

In late March, a two-page questionnaire was mailed to 2,101 GRAPHIC ARTS MONTHLY readers: 2,000 names on an Nth name basis from GAM's circulation, and 101 names from the GAM 101, a ranking of the largest printers.

There were 528 responses—a response rate of 25%. Of these, 67% have a job title of officer/partner/owner/president/CEO; 16% are vice presidents/directors/general managers.

Angela Venturino and Cathy Hoey of the market research department at Cahners Publishing conducted the study. Assistant Editor Bridget Kinsella Arajs, Editor Roger Ynostroza, Art Director Karen Lehrer, and Production Editor Mick Andreano planned and coordinated the project and prepared it for presentation.

BIGGER COMPANIES, HIGHER $ALARIES

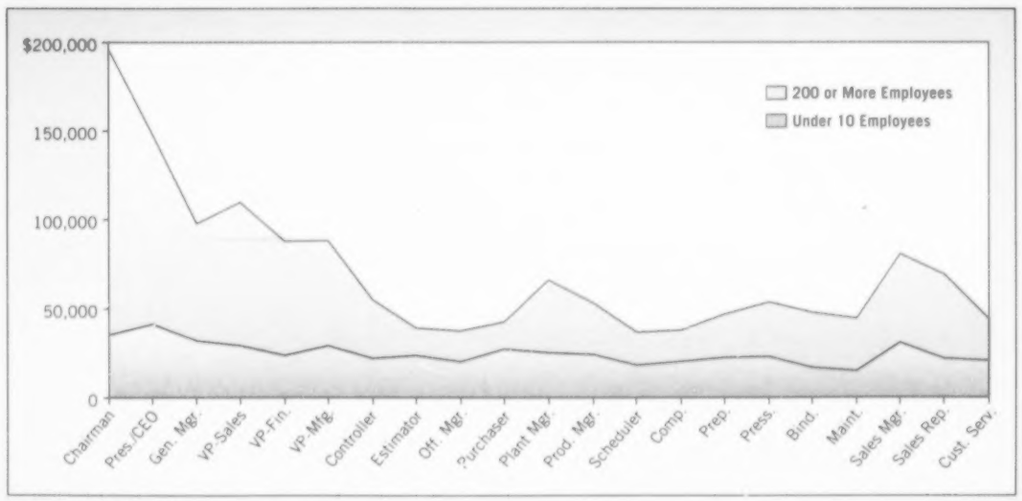
The 1991 survey indicates what you've always suspected: bigger companies pay better. Graphically obvious in these charts is the salary gap between the largest companies and the smallest. The spread is greatest among management staff positions; extreme disparity occurs in the chairman slot, where the difference is four-fold.

In the office/financial jobs—starting with controller—there is a drastic downturn in earnings among the larger companies, closing the salary gap. Yet, the gap reappears at the plant manager and production manager entries.

The two curves are almost parallel from this point up until the sales manager position. Although these salary figures reflect only base numbers, excluding bonuses and commissions, it is likely that sales manager base salaries reflect the size of the company even without the extras, explaining the disparity.

The graph on the facing page further illustrates this salary gap. There the focus is on three jobs—vice president/manufacturing, plant manager/superintendent, and press department foreman—and the gradual increase in salary relative to company size.

The general trend—salaries go up as company size increases—has some exceptions: VP and plant manager salaries for the largest printers are actually lower than those in the second-largest size category (150-199 employees). Press department foreman salaries in companies with 150-199 employees are lower, on average, than those in the same job in companies with 100-149 employees.

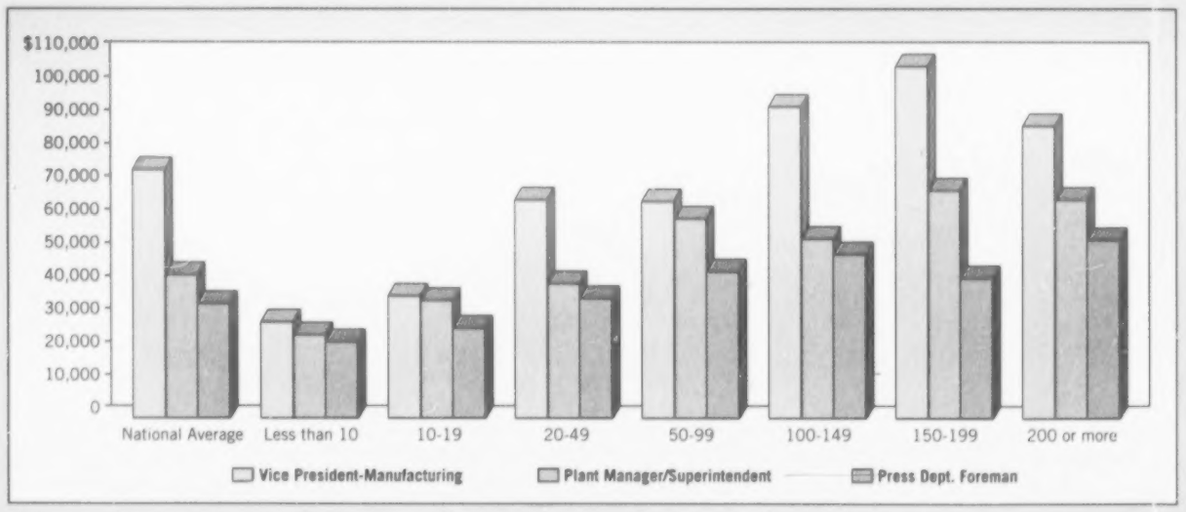


Charts and graphs by Lisa Hilgers

COMPILED BY GRAPHIC ARTS MONTHLY

	AVERAGE SALARIES BY EMPLOYEE COUNT							AVERAGE SALARIES BY COMPANY REVENUE					
	Less than 10	10-19	20-49	50-99	100-149	150-199	200 or more	Less than $500,000	$500,000-$999,999	$1 million-$4.9 million	$5 million-$9.9 million	$10 million-$19.9 million	$20 million or more
MANAGEMENT STAFF													
Chairman of the Board	$35,200	$52,000	$154,100	$175,400	$106,700	$ —	$196,100	$35,200	$44,300	$145,600	$168,300	$ 84,400	$199,900
President/Owner	41,200	65,500	98,600	126,900	167,900	178,800	148,600	38,600	54,900	91,800	128,800	178,100	170,500
General Manager	31,800	41,800	56,200	91,800	91,400	121,800	97,900	29,900	38,800	56,200	90,600	93,900	109,100
VP—Sales & Marketing	29,100	33,300	62,000	70,800	109,000	114,400	109,900	32,100	33,700	62,100	75,800	100,900	114,600
VP—Finance	23,700	34,000	62,200	77,700	96,800	111,900	88,000	34,500	39,000	55,000	64,300	102,400	97,100
VP—Manufacturing	29,100	37,000	66,100	65,600	94,200	106,400	88,400	70,800	31,500	57,400	69,400	94,700	91,800
OFFICE/FINANCIAL													
Controller	22,000	22,000	36,300	43,500	51,700	63,700	55,100	26,900	25,900	37,700	44,000	52,500	56,100
Estimator/Planner	23,600	29,200	31,000	40,100	40,600	48,700	39,200	22,200	26,500	32,700	37,700	42,200	42,300
Office Manager	20,200	19,800	30,100	32,800	36,100	45,600	37,600	19,800	20,000	28,400	33,100	36,800	41,700
Human Resources Manager	—	26,500	39,900	38,700	37,500	49,700	47,400	48,400	26,500	36,700	36,600	31,000	49,900
Purchasing Agent/Buyer	27,200	26,500	27,400	36,300	42,300	55,900	42,600	32,400	24,700	30,200	35,700	44,300	46,400
PRODUCTION MANAGEMENT													
Plant Manager/Superintendent	25,200	35,700	40,800	60,400	54,300	68,900	66,200	20,400	35,900	43,500	61,400	52,300	66,700
Production Manager	24,200	28,300	38,300	42,600	42,800	65,800	53,400	23,700	26,400	38,500	38,900	45,200	56,900
Quality Control Supervisor	—	14,200	26,000	33,700	38,300	44,500	41,000	42,200	15,700	28,500	29,300	42,500	41,800
Production Scheduler	18,300	26,500	20,700	35,300	39,000	32,600	37,000	25,900	21,300	26,800	32,900	36,000	36,900
DEPARTMENT FOREMAN													
Composition Foreman	20,400	23,500	29,400	35,500	35,200	34,700	38,200	21,200	23,000	30,500	31,700	37,800	35,400
Prep Department Foreman	22,600	26,100	35,100	42,200	44,000	42,200	47,200	21,900	25,400	34,300	41,700	49,200	45,600
Press Department Foreman	23,100	27,300	36,300	44,400	49,600	42,400	54,000	23,500	25,800	35,200	44,100	52,600	52,000
Bindery Department Foreman	16,900	20,300	29,000	37,000	35,200	41,300	48,200	19,300	18,600	27,300	37,400	40,800	47,000
Maintenance Foreman	15,000	—	37,200	31,400	41,200	39,400	44,800	32,800	—	32,000	40,000	38,800	43,500
SALES/MARKETING													
Sales Manager	30,800	28,400	44,600	69,200	66,700	72,300	81,100	32,400	29,900	46,700	49,100	74,500	80,100
Sales Representative	21,900	22,000	42,100	45,200	59,800	54,800	69,400	22,500	22,700	33,900	55,300	56,800	70,600
Customer Service Manager	20,700	19,100	26,800	30,100	40,100	34,500	44,300	21,000	21,700	26,000	32,700	38,800	41,700

HOW THREE JOB SALARIES VARY



KEY TO REGIONS

The nine geographic regions, as referred to throughout this survey:

New England (NE): Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. **Mid-Atlantic (MA):** New Jersey, New York, Pennsylvania. **South Atlantic (SA):** Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, Washington, D.C., West Virginia. **East South Central (ESC):** Alabama, Kentucky, Mississippi, Tennessee. **East North Central (ENC):** Illinois, Indiana, Michigan, Ohio, Wisconsin. **West North Central (WNC):** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. **West South Central (WSC):** Arkansas, Louisiana, Oklahoma, Texas. **Mountain (M):** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **Pacific (P):** Alaska, California, Hawaii, Oregon, Washington.

BENEFITS OFFERED

For the first time, GRAPHIC ARTS MONTHLY included a section about employee benefits in its annual salary survey. As the cost of providing benefits increases, and corporate profits level off or decrease in the current difficult economy, benefits are coming under greater scrutiny by employers and employees alike.

From the data collected this year, it is evident that—like salaries, as shown in the charts below—benefits increase with company size (space limitations preclude showing all the size-comparison data). While overall, 74% of the companies surveyed offer health insurance/HMO, about 60% of the smaller companies (those with less than 10 employees) offer this benefit. Furthermore, only 34% in this small-size category offer life insurance to employees, and 23% offer disability insurance.

The following is a list of benefits and, given in rounded percentages, the number of respondents offering each. For sake of comparison, the two columns at right show response rates from smallest and largest companies, in number of employees.

Benefit	Total Resp.	Less than 10	200 or more
Health/HMO	74%	60%	100%
Life Insurance	54	34	100
Disability	37	23	100
Dental Insurance	32	17	82
Merit Bonuses	31	21	50
Profit Sharing	21	10	54
Tuition Reimbursement	20	7	86
Retirement/Pension	19	8	50
401K Plan	16	3	86
Recreational Activities	13	5	79
Parent/Caregiver Leave	6	4	21
Subsidized Food Service	5	4	7

Note that the total exceeds 100% because of multiple responses; data based on responses from 528 respondents in the mailed survey.

Also, several other benefits were mentioned by respondents but represented such a small percentage that they were not included here; among them: scholarships for children, sabbatical programs, patent awards or royalties, and on-site childcare facility. An "other" category accounted for 6.1% total response, and 12.5% of the respondents gave no answer to the questions about benefits offered.